

PRINCIPAL STATEMENTS

The Army's FY 96 Principal Statements are presented in the format prescribed by the Office of Management and Budget (OMB) and the Office of the Under Secretary of Defense (Comptroller/Chief Financial Officer). The statements present the overall financial position and operating results of the Army for the fiscal years ending September 30, 1996 and 1995.

The following statements are included as Army's Principal Statements.

- Statement of Financial Position
- Statement of Operations (and Changes in Net Position)
- Statement of Cash Flow

The principal statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of the Chief Financial Officers Act of 1990 as amended by the Government Management Reform Act. The footnotes should be considered an integral part of the principal statements.

Limitations of the Financial Statements:

While the statements have been prepared from the books and records of the entity in accordance with the format prescribed by OMB and DoD, the statements are different from the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

Prior year balances have been restated in some cases. Additional information is contained at Note 1 (U).

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Department of the Army
Statement of Financial Position
As of September 30, 1996
(Thousands)

ASSETS	<u>1996</u>	<u>1995</u>
1. Entity Assets:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Fund Balance with Treasury (Note 1G and 2)	\$31,343,151	\$29,660,945
(2) Investments, Net (Note 1L and 4)	1,068	1,003
(3) Accounts Receivable, Net (Note 1I and 5)	953,735	977,322
(4) Interest Receivable	0	0
(5) Advances and Prepayments	4,304	89,800
(6) Other Federal (Intragovernmental)	0	0
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Investments	0	0
(2) Accounts Receivable, Net (Note 1I and 5)	260,244	179,552
(3) Credit Program Receivables/ Related Foreclosed Property, Net	0	0
(4) Interest Receivable, Net	273	0
(5) Advances and Prepayments	424,246	920,048
(6) Other Non-Federal (Governmental)	0	0
c. Cash and Other Monetary Assets (Note 1G and 3)	19,802	270,250
d. Inventory, Net (Note 1K and 8)	37,669,779	33,160,758
e. Work in Process	0	0
f. Operating Materials/Supplies, Net (Note 10)	0	0
g. Stockpile Materials, Net (Note 11)	0	0
h. Seized Property (Note 12)	0	0
i. Forfeited Property, Net (Note 13)	0	0
j. Goods Held Under Price Support and Stabilization Programs, Net (Note 14)	0	0
k. Property, Plant and Equipment, Net (Note 1M and 15)	124,867,674	155,943,247
l. Other Entity Assets	5,476,723	153,000
m. Total Entity Assets	<u>\$201,020,999</u>	<u>\$221,355,925</u>
2. Non-Entity Assets:		
a. Transactions With Federal (Intragovernmental) Entities:		
(1) Fund Balance with Treasury (Note 1G and 2)	(\$134,337)	\$354,656
(2) Accounts Receivable, Net (Note 1I and 5)	0	0
(3) Interest Receivable, Net	0	0
(4) Other (Note 6)	0	0

The accompanying notes are an integral part of the statements

Department of the Army
Statement of Financial Position
As of September 30, 1996
(Thousands)

ASSETS, Continued	<u>1996</u>	<u>1995</u>
2. Non-Entity Assets:		
b. Transactions With Non-Federal (Governmental) Entities:		
(1) Accounts Receivable, Net (Note II and 5)	\$6,478	\$7,549
(2) Interest Receivable, Net	6,058	1,348
(3) Other (Note 6)	0	0
c. Cash and Other Monetary Assets (Note 1G and 3)	143,252	0
d. Other Non-Entity Assets	0	0
e. Total Non-Entity Assets	<u>\$21,451</u>	<u>\$363,553</u>
 3. Total Assets	 <u>\$201,042,450</u>	 <u>\$221,719,478</u>
 LIABILITIES		
4. Liabilities Covered by Budgetary Resources:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Accounts Payable	\$2,069,074	\$1,070,455
(2) Interest Payable	0	0
(3) Debt (Note 16)	0	0
(4) Other Federal (Intragovernmental) Liabilities (Note 17)	725,319	1,421,524
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Accounts Payable (Note 1W)	1,789,207	1,307,626
(2) Accrued Payroll and Benefits		
(a) Salaries and Wages	1,957,061	1,295,363
(b) Annual Accrued Leave	0	0
(c) Severance Pay and Separation Allowance	327,984	330,338
(3) Interest Payable	0	0
(4) Liabilities for Loan Guarantees (Note 7)	0	0
(5) Lease Liabilities (Note 18)	0	0
(6) Pensions and Other Actuarial Liabilities (Note 19)	0	0
(7) Other Non-Federal (Governmental)		
Liabilities (Note 17)	218,865	190,720
c. Total Liabilities Covered by Budgetary Resources:	<u>\$7,087,510</u>	<u>\$5,616,026</u>

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Department of the Army
Statement of Financial Position
As of September 30, 1996
(Thousands)

LIABILITIES, Continued	<u>1996</u>	<u>1995</u>
5. Liabilities Not Covered by Budgetary Resources:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Accounts Payable	\$0	\$0
(2) Debt (Note 16)	0	0
(3) Other Federal (Intragovernmental) Liabilities (Note 17)	769,119	783,062
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Accounts Payable	0	0
(2) Debt (Note 16)	0	0
(3) Lease Liabilities (Note 18)	0	216
(4) Pensions and Other Actuarial Liabilities (Note 19)	1,313,935	1,352,475
(5) Other Non-Federal (Governmental) Liabilities (Note 17)	16,138,876	2,736,114
c. Total Liabilities Not Covered By Budgetary Resources	<u>\$18,221,930</u>	<u>\$4,871,867</u>
6. Total Liabilities	<u>\$25,309,440</u>	<u>\$10,487,893</u>
NET POSITION (Note 20)		
7. Balances:		
a. Unexpended Appropriations	\$27,461,855	\$27,966,112
b. Invested Capital	168,160,756	183,559,323
c. Cumulative Results of Operations	(1,667,671)	4,578,017
d. Other	0	0
e. Future Funding Requirements	(18,221,930)	(4,871,867)
f. Total Net Position	<u>\$175,733,010</u>	<u>\$211,231,585</u>
8. Total Liabilities and Net Position	<u><u>\$201,042,450</u></u>	<u><u>\$221,719,478</u></u>

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Department of the Army
Statement of Operations and Changes in Net Position
For the Period Ended September 30, 1996
(Thousands)

	<u>1996</u>	<u>1995</u>
REVENUES AND FINANCING SOURCES		
1. Appropriated Capital Used	\$55,643,717	\$53,273,311
2. Revenues from Sales of Goods and Services		
a. To the Public	627,185	495,222
b. Intragovernmental	5,552,692	5,466,516
3. Interest and Penalties, Non-Federal	0	0
4. Interest, Federal	0	0
5. Taxes (Note 21)	0	0
6. Other Revenues and Financing Sources (Note 22)	929,604	912,178
7. Less: Taxes and Receipts Transferred to the Treasury or Other Agencies	(432,977)	(321,412)
8. Total Revenues and Financing Sources	<u>\$62,320,221</u>	<u>\$59,825,815</u>
EXPENSES		
9. Program or Operating Expenses (Note 23)	\$57,789,003	\$54,475,978
10. Cost of Goods Sold (Note 24)		
a. To the Public	627,185	495,222
b. Intragovernmental	5,552,692	5,466,517
11. Depreciation and Amortization	0	0
12. Bad Debts and Writeoffs	23,252	37,000
13. Interest		
a. Federal Financing Bank/Treasury Borrowing	0	0
b. Federal Securities	0	0
c. Other	1,576	1,342
14. Other Expenses (Note 25)	735,136	357,780
15. Total Expenses	<u>\$64,728,844</u>	<u>\$60,833,839</u>
16. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses Before Extraordinary Items	(\$2,408,623)	(\$1,008,024)
17. Plus (Minus) Extraordinary Items (Note 26)	<u>0</u>	<u>0</u>
18. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	<u>(\$2,408,623)</u>	<u>(\$1,008,024)</u>

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Department of the Army
Statement of Operations and Changes in Net Position
For the Period Ended September 30, 1996
(Thousands)

	<u>1996</u>	<u>1995</u>
EXPENSES, Continued		
19. Net Position, Beginning Balance, as Previously Stated	\$211,231,585	\$225,808,608
20. Adjustments (Note 27)	(13,685,466)	2,545
21. Net Position, Beginning Balance, as Restated	<u>\$197,546,119</u>	<u>\$225,811,153</u>
22. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	(2,408,623)	(1,008,024)
23. Plus (Minus) Non Operating Changes (Note 28)	<u>(19,404,486)</u>	<u>(13,571,544)</u>
24. Net Position, Ending Balance	<u><u>\$175,733,010</u></u>	<u><u>\$211,231,585</u></u>

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Department of the Army
Statement of Cash Flows
For the Period Ended September 30, 1996
(Thousands)

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	(\$421,324)	\$29,289
Adjustments affecting Cash Flow:		
2. Appropriated Capital Used	0	0
3. Decrease (Increase) in Accounts Receivable	111,109	93,807
4. Decrease (Increase) in Other Assets	551,089	62,554
5. Increase (Decrease) in Accounts Payable	(49,979)	58,394
6. Increase (Decrease) in Other Liabilities	(306,985)	(288,492)
7. Depreciation and Amortization	0	0
8. Other Unfunded Expenses	0	0
9. Other Adjustments	20,025	8,163
10. Total Adjustments	\$325,259	(\$65,574)
11. Net Cash Provided (Used) by Operating Activities	(\$96,065)	(\$36,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
12. Sale of Property, Plant and Equipment	\$0	\$0
13. Purchase of Property, Plant and Equipment	0	0
14. Sale of Securities	0	0
15. Purchase of Securities	0	0
16. Collection of Loans Receivable	0	0
17. Creation of Loans Receivable	0	0
18. Other Investing Cash Provided (Used)	0	0
19. Net Cash Provided (Used) by Investing Activities	\$0	\$0
CASH FLOWS FROM FINANCING ACTIVITIES		
20. Appropriations (Current Warrants)	\$0	\$0
21. Add:		
a. Restorations	0	0
b. Transfers of Cash from Others	0	0
22. Deduct:		
a. Withdrawals	0	0
b. Transfers of Cash to Others	0	0
23. Net Appropriations	\$0	\$0

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Department of the Army
Statement of Cash Flows
For the Period Ended September 30, 1996
(Thousands)

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM FINANCING ACTIVITIES, Continued		
24. Borrowing from the Public	\$0	\$0
25. Repayments on Loans to the Public	0	0
26. Borrowing from the Treasury and the Federal Financing Bank	0	0
27. Repayments on Loans from the Treasury and the Federal Financing Bank	0	0
28. Other Borrowings and Repayments	<u>0</u>	<u>0</u>
29. Net Cash Provided (Used) by Financing Activities	<u>\$0</u>	<u>\$0</u>
30. Net Cash Provided (Used) by Operating, Investing and Financing Activities	(\$96,065)	(\$36,285)
31. Fund Balance with Treasury, Cash, and Foreign Currency, Beginning	<u>159,678</u>	<u>195,963</u>
32. Fund Balance with Treasury, Cash, and Foreign Currency, Ending	<u><u>\$63,613</u></u>	<u><u>\$159,678</u></u>

Supplemental Disclosure of Cash Flow Information:

	<u>1996</u>	<u>1995</u>
33. Total Interest Paid	\$0	\$0

Supplemental Schedule of Financing and Investing Activity:

	<u>1996</u>	<u>1995</u>
34. Property and Equipment Acquired Under Capital Lease Obligations	\$0	\$0
35. Property Acquired Under Long-Term Financing Arrangements	\$0	\$0
36. Other Exchanges of Non-cash Assets or Liabilities	\$0	\$0

The accompanying notes are an integral part of the statements

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